

KANSAS RACING AND GAMING COMMISSION

MINUTES – MARCH 11, 2016

CALL TO ORDER (A.)

Chairman Brandon Jones called the March 11, 2016, meeting to order at 10:00 a.m. The meeting was held in Auditorium A of the Eisenhower State Office Building in Topeka, KS. Commissioners Dennis McKinney, R. Eileen King, David Moses and Jan Kessinger were also present. Others present included Executive Director Don Brownlee, Enforcement Attorney Michelle Neis, Director of Administration, Finance, and Audit Brandi White, Director of IT and Electronic Security Dennis Bachman, Director of Security Larry Moreland, Recording Secretary Chris Vega and other staff.

MOTION, APPROVE AMENDED AGENDA (B.)

There was one amendment to the agenda pertaining to the GLI approval letters (item D.1.a. on the agenda, some EGM software approvals were removed). Commissioner King (Moses) moved to approve the agenda as amended. Motion carried unanimously.

MOTION, APPROVE FEBRUARY 12, 2016 MEETING MINUTES (C.)

Commissioner King (McKinney) moved to approve the minutes of the February 12, 2016 meeting. Motion carried unanimously.

MOTION, APPROVE CONSENT AGENDA (D.)

Commissioner King (Kessinger) moved to approve the consent agenda. Motion carried unanimously.

LOTTERY GAMING FACILITY REPORTS/ITEMS; BOOT HILL CASINO AND RESORT (E.1.)

Diane Giardine, Interim General Manager, reported:

- February 2016 revenue numbers compared to February 2015:
 - Total gaming revenue up 10.37%
 - Total slot revenue up 8.40%
 - Table games revenue up 24.17%
- Past casino promotions and arena events:
 - \$25,000.00 cash & free play giveaway – month of February
 - February 6 – Battle of the Bands
 - February 13 – 14 - Valentine's Day dinner special
 - February 20 – Monster Trucks
 - All you can eat crab legs – Thursday nights
 - February 27 – Dodge City Law vs. San Angelo Bandits

- February 28 - Jeff Foxworthy & Larry the Cable Guy
- March 4 – Laugh Out Loud comedy show
- Upcoming casino promotions and arena events:
 - March 17 – Rascal Flatts
 - March 18 – Lucky Cash Giveaway
 - Mondays in March – Seniors Take 10 promotion
 - March 27 – Easter Brunch Buffet at Firesides
 - May 18 – The Beach Boys
- Semi-Annual Responsible Gambling Report (July 1, 2015 through December 31, 2015)

LOTTERY GAMING
FACILITY
REPORTS/ITEMS; KANSAS
STAR
(E.2.)

Dan Ihm, General Manager, reported:

- February 2016 admissions were up 3% from February 2015.
- February 2016 revenue numbers compared to February 2015:
 - Total gaming revenue up 7.2%
 - Slot coin-in (handle) up 4.54%
 - Slot hold up .06 points
 - Table game drop down .8%
 - Table game hold up 4.3 points
 - Poker room revenue down 3.7%
- Past events at the Kansas Star Casino Arena:
 - February 13 – Cirque Ziva Golden Dragon Acrobats
 - February 26 – Bellator MMA
- Upcoming events at the Kansas Star Casino Events Center:
 - March 12 – John Mueller’s Winter Dance Party (Buddy Holly Tribute Show)
 - April 14 – Adam Ferrara (comedian)
 - April 16 – Foreigner
 - April 21 – Todd Barry (comedian)
 - April 28 – Taylor Williamson (comedian)
- Semi-Annual Responsible Gambling Report (July 1, 2015 through December 31, 2015)

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
HOLLYWOOD CASINO AT
KANSAS SPEEDWAY
(E.3.)

Rick Skinner, General Manager, reported:

- February 2016 revenue numbers compared to February 2015:
 - Total gaming revenue was \$12.7 million, an increase of \$478,000.00 or 3.9%
 - Table games revenue was relatively flat at \$1.8 million, an increase of \$9,000.00 or 0.5%

- Slot revenue was \$10.9 million, an increase of \$469,000.00 or 4.5%.
- Hollywood Casino had their usual compliment of marketing promotions throughout the month of February and each of the restaurants had special menus for Valentine's Day Weekend.
- Past events at Hollywood Casino at Kansas Speedway:
 - February 19 – Marquee Millionaire Slot Tournament. This was a single day tournament with the top four finishers qualifying for the Marquee Millionaire Slot Tournament at the M Resort in Las Vegas in May 2016.
- Semi-Annual Responsible Gambling Report (July 1, 2015 through December 31, 2015)

COMMISSION ITEMS –
OLD BUSINESS;
WITHDRAW REGULATION
CHANGES 112-104 ETC.
(F.1.)

Executive Director Brownlee presented for consideration withdrawal of previously approved regulation amendment for articles 100, 102 and 104 so staff can re-evaluate needed amendments.

MOTION TO APPROVE
THE WITHDRAWAL AND
RE-EVALUATION OF
REGULATORY PACKAGE

Commissioner King (Kessinger) moved to approve the withdrawal and re-evaluation of the regulatory package. Motion carried unanimously.

COMMISSION ITEMS –
OLD BUSINESS;
LICENSING REGULATION
CHANGES
(F.2.)

Executive Director Brownlee presented for consideration recommendations of the Joint Committee on Administrative Rules and Regulations for amendment of licensing regulations and asked the commission to adopt their recommendation to drop a proposed license renewal change from two to three years, but continue with amendment of the non-gaming supplier definition.

MOTION TO RESCIND THE
PROPOSAL TO CHANGE
THE NON-GAMING
SUPPLIER RENEWAL
PERIOD FROM TWO
YEARS TO THREE YEARS
AND KEEP IT AT TWO
YEARS

Commissioner McKinney (King) moved to rescind the amendment of the non-gaming supplier renewal period from two years to three years and keep the renewal period at two years. Motion carried unanimously.

COMMISSION ITEMS –
NEW BUSINESS; KANSAS

Brandi White, Director of Administration, Audit and Finance, presented the Kansas Greyhound registry increase in fees to the

GREYHOUND REGISTRY
INCREASE IN FEES
(G.1.)

commission. Travis Bartley, President of the Kansas Greyhound Association (KGA) explained that breeding/whelping fees would increase from \$10.00 to \$20.00, individual fees would stay at \$10.00, membership fees would increase from \$20.00 to \$50.00, and a new \$100.00 background check fee would be added.

MOTION TO APPROVE
THE INCREASE IN FEES AS
REQUESTED BY THE
KANSAS GREYHOUND
ASSOCIATION

Commissioner McKinney (Kessinger) moved to approve the increase in fees as requested by the Kansas Greyhound Association. Motion carried unanimously.

PUBLIC COMMENTS
(H.)

There were no public comments.

STAFF REPORTS
(I.)

Michelle Neis, Enforcement Attorney, reported on the Voluntary Exclusion Program statistics for the month of February 2016 and also informed the commission that the month of March is Problem Gambling Awareness month.

Executive Director Brownlee reported:

- The budget bill passed both houses.
- The Legislative Post-Audit is reviewing agencies who deal with forfeitures, including KRGK.
- The next KRGK meeting will be April 15, 2016 at 10:00 a.m. in Topeka. The meeting time was advanced to 9:00 a.m. on that date to accommodate Commissioner Moses, who has another meeting scheduled here in Topeka starting at noon.
- The May 13, 2016 commission meeting will be held in Dodge City, KS.

DISCIPLINARY REVIEW
PROCEEDINGS
(J.)

There were four Disciplinary Review Board matters presented to the commission:

- 2016-2001 – Van Nguyen
- 2016-3001 – Michael Schweihs
- 2016-3002 – Jared Hanschu
- 2016-3004 – Tyler Wedel

Michelle Neis asked the commission to approve two settlement agreements:

- 2016-3001 – Michael Schweihs (\$500.00 fine)
- 2016-3004 – Tyler Wedel (one-day suspension)

Ms. Neis asked the commission to approve two summary proceeding orders as submitted by the Disciplinary Review Board (DRB):

- 2016-2001 – Van Nguyen (seven-day unpaid suspension)
- 2016-3002 – Jared Hanschu (\$100.00 fine)

MOTION TO APPROVE
SUMMARY PROCEEDING
ORDERS AS APPROVED
BY THE DRB IN 2016-2001
AND 2016-3002; MOTION
TO APPROVE
SETTLEMENT
AGREEMENTS REACHED
IN 2016-3001 AND 2016-
3004

Commissioner King (Kessinger) moved to approve the summary proceeding orders by the DRB in 2016-2001 and 2016-3002 and approve the settlement agreements reached in 2016-3001 and 2016-3004. Motion carried unanimously.

MOTION, EXECUTIVE
SESSIONS
(K.)

Chairman Jones moved for the commission to go into executive session for the purpose of (1) attorney/client privilege, (2) presentation by Boyd Gaming and (3) reviewing the list of confidential backgrounds for licensing. Those included in the executive sessions were the commissioners, executive director, enforcement attorney, director of security and members of Boyd Gaming. The total time for the executive sessions was anticipated to be one hour. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Chairman Jones (King) made a motion to adjourn to executive session. The motion carried unanimously and the meeting was adjourned to executive session at 10:52 a.m.

RECONVENE

The commission meeting returned to open session at 11:55 a.m. with all members present. The commission announced it needed to go back into executive session for an additional five minutes to finish background reviews.

MOTION TO RETURN TO
EXECUTIVE SESSION

Chairman Jones (McKinney) moved the commission return to executive session for an additional five minutes. Motion carried unanimously and the meeting was adjourned to executive session at 11:57 a.m.

RECONVENE

The commission meeting returned to open session at 12:02 p.m. with all members present.

MOTION TO DENY,
CONDITIONALLY
APPROVE, AND APPROVE
LICENSE APPLICATIONS
(L.)

Commissioner Kessinger (King) moved to *deny* one license application, *conditionally approve* three license applications, and *approve* the remaining 175 license applications from the March 11, 2016 list of background reports referred to the commission for action. Commissioner Moses abstained regarding one license application (Peter Grant, Kansas Star Casino). The motion carried with Commissioner Moses' abstention noted.

MOTION

Commissioner McKinney (Kessinger) moved to conditionally approve the refinancing of the debt with Boyd Gaming and that all documentation be provided in advance to verify the fulfillment of all pledges made to the Kansas Racing and Gaming Commission (KRGC) and direct KRGC staff to relay to the commission Boyd Gaming's quarterly financial reports through 2016 and 2017.

MISCELLANEOUS

Commissioner King informed the commission that this meeting will be her last meeting. Commissioner King has chosen not to seek re-appointment because she will not be able to continue giving the time and attention the commission deserves. She thanked the commission for the opportunity to serve and the commission thanked her for her service.

ADJOURN
(M.)

Chairman Jones (King) moved to adjourn the meeting. Motion carried unanimously. The meeting adjourned at 12:07 p.m.

SUBMITTED BY:

(Signature on file)
Jan Kessinger
Secretary

APPROVED BY:

(Signature on file)
Brandon Jones
Chairman